

Add 2 Cal. Code Regs. Section 18534 to read:

**§ 18534. Expenditures in Support of or Opposition to Candidates for State Elective Office, and Accounts.**

(a) Definitions: For purposes of this regulation, “non-candidate-support” refers to contributions accepted for purposes other than making contributions to candidates for elective state office. “Candidate-support” refers to contributions accepted for the purpose of making contributions to candidates for elective state office.

(b) Any committee that accepts a contribution in excess of the annual contribution limit in subdivision (c) of Government Code section 85203 or subdivisions (a) or (b) of Government Code section 85303, and makes contributions to candidates for elective state office must, prior to making the contribution, establish a separate candidate-support account. The account shall be designated in its title as the “candidate-support account,” and all checks drawn on the account shall state its proper designation in the title of the account. Each non-candidate-support account shall state in its title and on all checks drawn on the account its designation as a “non-candidate-support account.” (For example, “Non-candidate Issues Account” or “Independent Expenditure Account.”)

(c) Any committee that receives a contribution in excess of the annual contribution limit in subdivision (c) of Government Code section 85203 or subdivisions (a) or (b) of Government Code section 85303 shall deposit the entire contribution into a non-candidate support account. Within fourteen calendar days of the receipt of the contribution, the committee may transfer a portion of the deposited contribution not to exceed the annual limit for that contributor under subdivision (c) of Government Code section 85203 or subdivisions (a) or (b) of Government

Code section 85303 to the committee's candidate support account. A transfer pursuant to this subdivision will not constitute acceptance of a contribution in excess of the limits as set forth in regulation 18531.

(d) Any committee that receives a contribution that is earmarked for candidate or non-candidate-support shall deposit the contribution as instructed by the earmarking. A contribution earmarked for candidate support that is in excess of the annual limit for that contributor under subdivision (c) of Government Code section 85203 or subdivisions (a) or (b) of Government Code section 85303 shall be returned prior to deposit or negotiation to the contributor within fourteen days of receipt.

(e) No contribution to a candidate for elective state office may be made from a committee's non-candidate support account.

(f) A committee may transfer funds from its candidate support account to its non-candidate-support account. Any such transfer, however, will not be considered in determining whether any person contributing to the committee has or has not exceeded the annual contribution limit for that person under subdivision (c) of Government Code section 85203 or subdivisions (a) or (b) of Government Code section 85303. Except as set forth in subdivision (c) above, a committee may not transfer funds from its non-candidate-support account to its candidate-support account.

**[Decision Point: (g) A committee may not accept or deposit any contributions or funds from any non-candidate-support account of any other committee into the committee's candidate-support account. A committee may not transfer to, or otherwise make any contributions from its non-candidate-support account to any other committee's candidate-support account. A**

committee making a contribution to any other committee must notify the receiving committee  
2 whether the funds contributed are from the contributing committee's non-candidate-support or  
3 candidate-support account. A check with the proper designation of the account in the committee  
4 title on its face shall be presumed to be adequate notification of the nature of the funds to the  
5 recipient committee.]

6 NOTE: Authority cited: Section 83112, Government Code.

7 Reference: Sections 85302 and 85303, Government Code.